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SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

October 11, 2006

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of (Collateral) Assignment of Leases and Rents, dated as of September 27, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Commercial Security Agreement being filed with the Board under Recordation Number 26600-A.

The names and addresses of the parties to the enclosed document are:

Secured Party: The Business Bank
11100 Wayzata Boulevard, Suite 150
Minnetonka, Minnesota 55305-5530

Debtor: Midwest Railcar Corporation
4949 Autumn Oaks Drive
Maryville, IL 62062

Mr. Vernon A. Williams
October 11, 2006
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A description of the railroad equipment covered by the enclosed document is:

51 railcars: MMRR 9137, MMRR 54414, MMRR 63923, MMRR 64006, MMRR 190658, MMRR 800419, IOCR 190033, IOCR 190509 and within the following series: IOCR 57504 – IOCR 57513, IOCR 63009 - IOCR 64255; and MMRR 467217 – MMRR 489388 as more particularly set forth in the attachment to the document.

A short summary of the document to appear in the index is:

Memorandum of (Collateral) Assignment of Leases and Rents.

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/sem
Enclosures

MEMORANDUM OF (COLLATERAL) ASSIGNMENT
OF LEASES AND RENTS
BETWEEN

THE BUSINESS BANK
("SECURED PARTY")

AND

MIDWEST RAILCAR CORPORATION
("DEBTOR")

RECORDATION NO.

26600-B FILED

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SURFACE TRANSPORTATION BOARD

September 27, 2006

This Memorandum of Assignment of Lease and Rents is hereby entered into as of this 27th day September of 2006 by and between The Business Bank, a Minnesota corporation ("Lender"), and Midwest Railcar Corporation, an Illinois corporation ("Borrower").

WITNESSETH:

The Borrower hereby, assigns, transfers and sets over unto The Business Bank (hereinafter, the "Lender"), all of the Borrower's right, title and interest in and to the lease of Fifty-one (51) 4750 c.f. 100 ton covered hoppers. Car Numbers Fifty-one (51), 4750 c.f. 100 ton Covered Hoppers. Car Numbers MMRR -9137, 54414, 63923, 64006, 190658, 467217, 475821, 475827, 475840, 475845, 477527, 477560, 477593, 477600, 477608, 479285, 479663, 480286, 480391, 480407, 480959, 483467, 484500, 485381, 486446, 487310, 487336, 487383, 488155, 488262, 489339, 489388, 800419, IOCR-57504, 57507, 57513, 63009, 63014, 63624, 63625, 63631, 63632, 63649, 63663, 63674, 63678, 63740, 64213, 64255, 190033, 190509, as evidenced by that Schedule #38 made effective August 1, 2006 which incorporates therein by reference the Railroad per diem Lease Agreement No. 7321-92-01 between Borrower (as Lessor) and RAILTEX, INC., a Texas Corporation (as Lessee), and any other Equipment Riders and schedules thereto (together, the "Lease") and all rents and other sums due thereunder, and all proceeds therefrom with respect to those certain railcars identified on the attached Schedule "A" hereto (the "Railcars"), and all rents, renewal rents, proceeds of settlement for the Railcars which are lost, destroyed or damaged beyond repair and all other sums due and to become due under and pursuant to or by reason of the Lease, including but not limited to, the payment of any purchase option price paid by the Lessee pursuant to the Lease, as well as any and all subleases of the Railcars.

This Assignment is given and intended as continuing collateral for the payment of the indebtedness of the Borrower to the Lender as provided for in the Commercial Security Agreement dated September 27th, 2006 (the "Agreement"), including but not limited to any and all promissory notes executed thereunder (the "Promissory Notes"),

including any and all interest thereon and expenses therefor and any and all extensions and/or renewals of the referenced indebtedness, whether such indebtedness shall at any time or from time to time have been reduced or paid in full and thereafter increased or reincurred, and no renewal of, or extension of time of payment of the subject indebtedness or any part thereof, and no agreement not to sue or release or discharge of any persons liable therefor or thereon, or release or exchange of other collateral or any act or thing whatsoever shall diminish, discharge, impair or affect this Assignment or the security afforded hereby, save payment in full by the Borrower to the Lender of any and all indebtedness of the Borrower to the Lender arising under the Agreement and the Promissory Notes, while no default exists under any of the other provisions thereof. If such payment in full is made by the Borrower while no such default exists or if any such payment in full is made while any default exists and all such defaults are subsequently corrected by the Borrower, the Borrower shall be entitled to have this Assignment discharged.


Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement. This Memorandum of Assignment of Lease and Rents may be executed in any number of counterparts, each executed counterpart constituting an original but together only one memorandum of Assignment of Lease and Rents.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

THE BUSINESS BANK
as Lender

By:

Name:

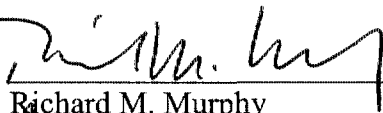


Title: Vice President


MIDWEST RAILCAR CORPORATION
as Borrower

By:

Name:


Richard M. Murphy

Title:

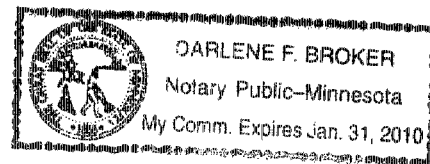

President

STATE OF MN)
) ss.
COUNTY OF Hennepin)

On this 26th day of Sept., 2006, before me personally appeared Brian R. Munderloh, to me personally known, who being by me duly sworn, says that he is the Vice President of The Business Bank, that the foregoing instrument was signed on behalf of said national banking association, and he acknowledged that the execution of the said instrument was his free act and deed.

NOTARY PUBLIC: Darlene F. Broker

My commission expires: 1/31/2010

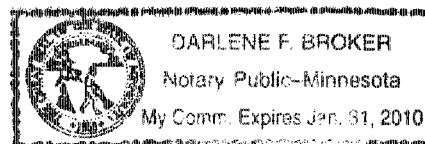


STATE OF MN)
) ss.
COUNTY OF Hennepin)

On this 26th day of Sept., 2006, before me personally appeared Richard M. Murphy, to me personally known, who being by me duly sworn, says that he is the President of Midwest Railcar Corporation, that the foregoing instrument was signed on behalf of said Corporation, and he acknowledged that the execution of the said instrument was his free act and deed.

NOTARY PUBLIC: Darlene F. Broker

My commission expires: 1/31/2010



SCHEDULE "A"
To Memorandum of Assignment of Lease and Rents
SCHEDULE OF RAILCARS
One Page
Written Number (Number in Numeric) Units

Fifty-one (51), 4750 c.f. 100 ton Covered Hoppers. Car Numbers MMRR -9137, 54414, 63923, 64006, 190658, 467217, 475821, 475827, 475840, 475845, 477527, 477560, 477593, 477600, 477608, 479285, 479663, 480286, 480391, 480407, 480959, 483467, 484500, 485381, 486446, 487310, 487336, 487383, 488155, 488262, 489339, 489388, 800419, IOCR- 57504, 57507, 57513, 63009, 63014, 63624, 63625, 63631, 63632, 63649, 63663, 63674, 63678, 63740, 64213, 64255, 190033, 190509.